PurchasingWorld

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PurchasingWorld

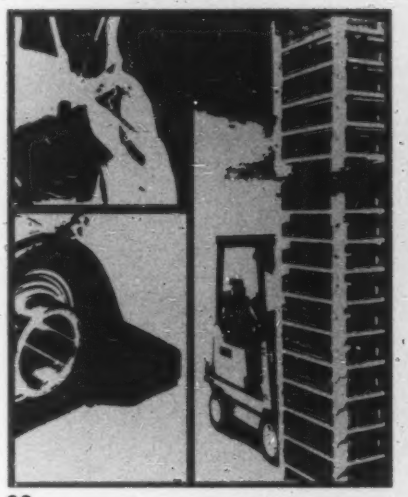
Helping you manage the business of buying

Vol. 29 No. 5-May 1985

Special report: MRO BUYING

62 Overview: MRO demand steady; prices mostly holding
Geographic differences on the domestic price and demand fronts make shopping around for MRO items a smart strategy. Industrial distributors see a 5% overall sales gain for 1985—far below last year's 17.5% gain.

66 Industrial distributors put new value into their services
National marketing agreements are only one aspect of how distributors and manufacturers are working to meet their customers' MRO buying needs. Such agreements allow the MRO manufacturer to concentrate on solving customer problems. The buyer gets prompt attention to his problems.



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Cover Photo: Featured are 11 women from Polaroid Corp.'s purchasing department, in Waltham, MA. Please turn to page 56 to learn who they are. Photo courtesy of Polaroid Corp.

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PW PREDICTS

Robert S. Reichard, executive editor

Prices mostly becalmed

Inflationary pressures remain subdued. And major price indexes in the current (second) quarter are likely to show only fractional increases.

For many industrial buyers, tags may actually be edging a bit lower. For the fourth consecutive month, the NAPM Business Survey Committee reports that buyers hit with price decreases now outnumber those experiencing increases.

Vendors also suggest continued restraint. A new Dun & Bradstreet survey of 1,450 top executives, for example, shows only 39% of queried durable goods manufacturers putting second quarter prices above year-ago levels. That compares to a 53% reading last spring.

The moderating trend is also confirmed by a new McGraw-Hill survey which shows that U.S. industry anticipates only a 4.9% overall price increase for 1985—a downgrading of the 5.3% estimate made just four months ago.

Other signs that things remain pretty much under control:

- Service industry inflation is finally edging lower. At latest report, quotes here were increasing at only a 3.5% annual rate—down from the 5.3% pace of last quarter.
- Food price pressures are minimal. Right now the average farm price is running nearly 8% under a year ago. And even if you factor in rising distributor costs, supermarket prices probably won't rise by more than 2-4% this year.
- Labor continues to behave. Year-to-date labor cost figures should rise only 2.5% this year—virtually ruling out any new cost-push pressures on the overall price level.
- The U.S. dollar, although off from recent peaks, the dollar is still high enough to insure a steady inflow of low-priced imports.

In any case, because of lags, it would take at least six months before a lower dollar had any appreciable impact. And even then, price advances would be modest—primarily because importers did not mark down prices as much as they could have during the dollar's recent runup.

Wharton Econometrics also provides some reassurance on import prices. The firm has developed a "what-if" scenario which assumes a 20% drop in the value of the dollar over the next few months. Their conclusion: only a 2% acceleration in overall U.S. industrial commodity prices for 1986.

Purchasing World's own survey on imports (see *Survey of the month* in this issue) shows that buyers are now getting price breaks that average 15% below comparable domestic levels. Bargains of this magnitude make domestic vendors more prone to discounting and other forms of price shading. And domestic sellers who are not discounting are thinking very carefully before posting increases.

Given all this good news, price averages for 1985 should remain very manageable. If the economy continues to grow at its current sluggish pace, the overall price increase for 1985 (GNP basis) should remain in the 4% range.

Long term energy price trends

Good news on the energy front, particularly for electric bills: Over the next five years real prices for energy (in 1984 dollars) may decline. A new Department of Energy long-range forecast projects that electric rates will decline from the current $18.82/million BTU this year to $18.62 in 1990 and to $18.30 by 1995.

But prices for other forms of energy should continue to edge up, albeit modestly. Crude oil is expected to reach $30/bbl by 1990 (vs $28/bbl currently), wellhead prices for natural gas are projected at $3.52/thousand cubic feet (vs $2.67 currently), and 1990 utility coal prices are put at $40.42/ton (vs $38.54/ton currently).

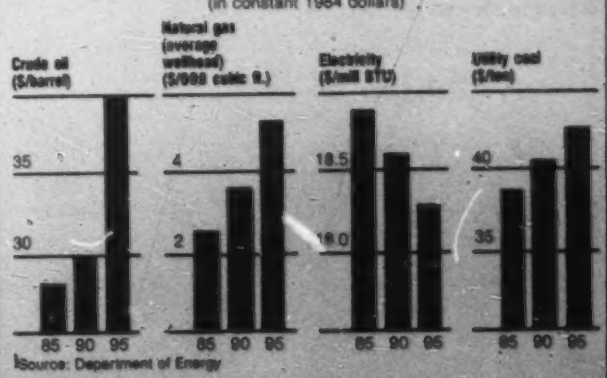
Much of the moderation lies with the expectation of only small increases in energy use which is pegged at 10.5% overall in the next five years—a gain of 2% annually. This is only about two-thirds as fast as the anticipated GNP growth, which means that the energy dollar portion of GNP will decline about 1% per year.

The relative contribution of individual energy sources is expected to remain unchanged through 1990 with oil supplying 52% of the nation's power requirements, followed by natural gas (26%), electricity (15%), and coal (6%).

About the only long-term change is noted in natural gas consumption where the estimated 1990 share (26%) represents a substantial decline from the 1970 mark of 32%.

Energy prices: A long look ahead

(in constant 1984 dollars)



Source: Department of Energy

PW PREDICTS

Zinc

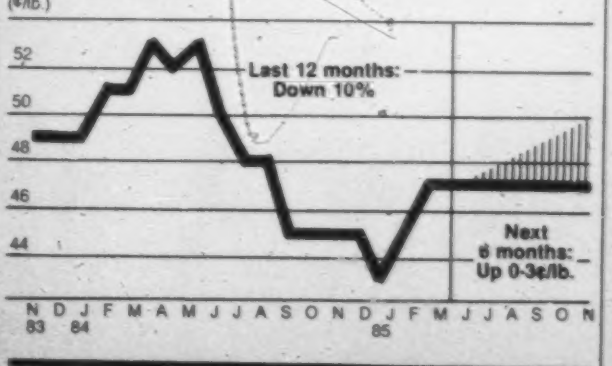
CURRENT SITUATION: Zinc is experiencing a definite upswing. Tags are now in the upper 40¢/lb range. Die casting alloys are moving up. And the European price has jumped another $35/m.t. (to $960). Other signs of strength: (1) brisk demand, (2) the absence of uncommitted metal, (3) the recent closing of a big U.S. plant, and (4) low stocks. Free World stocks have been declining. **Fears of new strikes must also be considered—a long strike could make things really tight.**

DEMAND: Sparked by strong auto and construction markets, U.S. consumption could rise another 1-2% this year. Galvanizing use will be up as the auto industry strives to make cars more rust-resistant. Die casting demand should also fare well as the per-car decline of the past five years bottoms out. Global use will also be buttressed this year by purchases from Europe, Russia, and China. **Long-term usage, however, won't be all that earthshaking**—the annual domestic growth rate is put at only 2% through 1990.

SUPPLY: Current snugness is expected to continue into summer—especially if work stoppages occur. Global stocks are off 5-10% from last year. Available stocks come to less than a 6-week supply. On a more reassuring note—there seems to be ample global capacity. **By year-end the metal should be in balance. The U.S., however, will be increasingly dependent on overseas metal.**

PRICE OUTLOOK: Some modest upcreep can't be ruled out—given the precarious market balance. Assuming there are no major strikes, prices may approach 50¢/lb by summer or fall. No big runup is expected in the long run either. In fact, increasing production and levelling off in auto and construction demand could well lead to **some softening again by early 1986.**

Zinc (producer price)
(¢/lb.)



Steel

Markets are showing some signs of firming as imports diminish (from 27% of total use last year to an estimated 22% this year). Several producers have posted 5% boosts in structurals and are starting to negotiate higher quotes on flat-rolled products. Oil country tubular goods from Japan may soon be rising by about 5-7%. And tool steel seems to be having its troubles—with competition washing out increases in both plate and bar products.

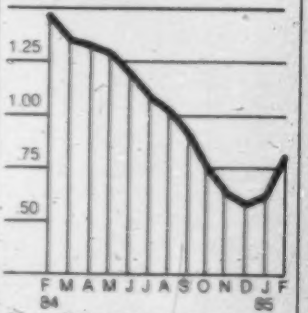
Paper

Most lines remain soft. Linerboard is now going for $290-310/ton—off as much as $60/ton from most official producer lists. The easiness can also be found in corrugated boxes where quotes have also begun to slide. Market pulp is also weak, with discounts of $100/ton reported for bleached softwood and hardwood lists. Publishers seem to be resisting attempts to post a new 6.5% increase for newsprint. But the recent $40/ton increase in coated papers seems to be holding up quite well.

Semiconductors

Prices are weakening further. Sharpest declines have been in Dynamic RAMS where 64Ks now go for only $1. Quotes on the more powerful 256K are down to near $5 ($3-6 under levels of just a few months ago). Behind the slide: increased capacity and less-than-anticipated demand. On the latter score, U.S. sales might be able to eke out only a 5-10% gain this year—far under the 35% plus increase of 1984. Another sign of softness: The Japanese seem to be abandoning their 2-tier system whereby U.S. quotes were 20% under those prevailing in Japan.

Semiconductors
(Book-to-bill ratio)



Source: Semiconductor Industry Assoc.

Copper

Prices are firming—edging up into the 70¢/lb range. All signs point toward a 75-80¢/lb quote by early summer. Declining inventories, aided by U.S. production cutbacks, would seem to be signaling this increase. Hedge market stocks, for example, are down to almost half year-ago levels and global inventories are down to a normal 9-week supply. The increase in capital goods, which account for more than half of overall use, is also helping the demand situation. Demand will also be boosted by 500,000 mt of Chinese

Aluminum

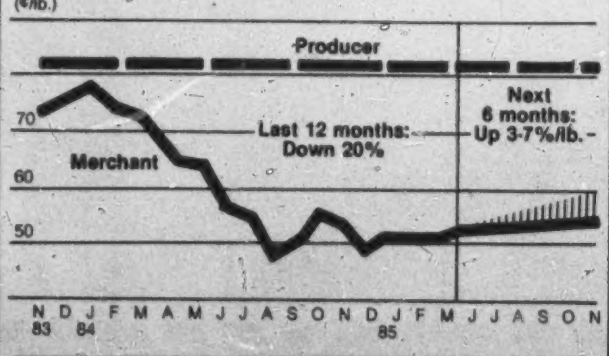
CURRENT SITUATION: Prices continue to bump along at bargain basement levels. Metal ingot is still selling in the low 50¢/lb range—way down from last year, and the picture is much the same in highly fabricated sectors. Buyers report: (1) Common alloy ingot is available for only $1/lb, (2) Imported billets can be had for under 60¢/lb, and (3) Japanese stock is priced 5% under domestic levels. Imports are a major factor behind the current softness. **Another drag: continuing high inventories despite substantial production cutbacks.**

DEMAND: All signs point to continuing gains in 1985. It's a safe bet that domestic shipments will advance another 4% this year—enough to push totals up to the 16 billion lb range. And **Free World usage is expected to show an big 3.5% advance.** In the domestic market, packaging should do well, as will transportation where high auto usage and recovery in commercial aircraft construction should push demand upward. **Long-term U.S. demand will also climb**—3.5% annual advances are seen for the next few years.

SUPPLY: It looks like clear sailing everywhere. Global inventories are put at near 4.4 million metric tons. And U.S. producer holdings haven't fallen much over last year, despite production cutbacks. Also suggesting a continuing buyers' market: (1) low U.S. operating rates (nearing 70%), (2) excessive overseas supplies, (3) hand-to-mouth buying on the part of most metal users.

PRICE OUTLOOK: Continuing production cutbacks will eventually have some impact. So will cost pressures. On the latter score, estimates are that some U.S. producers are losing as much as 10¢/lb on every pound of ingot they sell. **But increases, when they come, will be modest. While some industry spokesmen are projecting a 65¢/lb ingot price by year-end, a 60¢/lb price seems more likely.**

Aluminum (ingot prices)
(¢/lb.)



purchases expected this year, and by predictions that 1985 Free World demand will be up 4-5%. All these factors suggest the current rally still has a way to go.

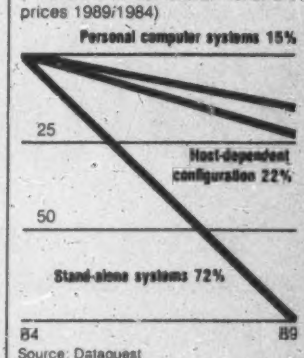
Construction equipment

The so-called grey market has spilled over into the industrial sector—with foreign-market hydraulic excavators, bulldozers, and backhoes all available at well under official list. And the discounts are considerable—sometimes ranging as high as 50% on some big-ticket items. The majority of sales are on the East and West Coasts—but there are also reports of Midwest sales via Canada. Apparently the money saved outweighs such headaches as "up front" payments, lack of warranties, and concerns about safety. There's a lot of fallout in domestic markets too—prices have remained relatively stable over the past year or two.

CAD/CAM

New systems (including hardware and software) are available for as little as $20,000-$35,000—far under the near $100,000 quotes of just one year ago. The aim is to make these systems affordable to smaller job shops—a goal that has been aided by cheaper personal computers. A new study by Dataquest suggests CAD/CAM system sales will jump five-fold over the next few years—rising from $3 billion in 1984 to over $15 billion by 1989. The actual number of systems sold over the next five years will increase even faster as workstation hardware prices drop sharply (see accompanying chart).

CAD/CAM price trends
(% decline in workstation hardware prices 1989/1984)



Source: Dataquest

Modems

The price of standalone modems are dropping fast. Credit the softness to lower component costs, manufacturing efficiencies, and the sharp drop-off in demand for PC peripherals. Some vendors have dropped tags on 1,200 and 2,400 bits-per-second models by anywhere from 13-22%. Higher-end models have also been feeling the pressure, with one 9,600 bps model cut by more than 15%.

Sulphur

Look for new attempts to boost prices by summer or fall—despite the failure of a recent $5/long ton hike to hold. While some producers refused to go along (saying that three boosts in one year were too

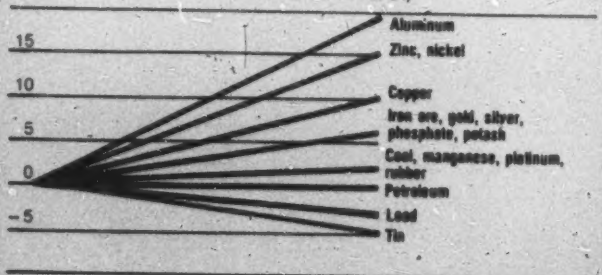
World commodity prices

Most basic commodity prices are not expected to rise much this year. Several may even end up under late 1984 levels.

That's the conclusion of a new worldwide study by economists at New York's Chemical Bank (see chart). Key conclusions of the study for the 12-month period ending 1985:

- **Energy:** Quotes will remain under pressure, with the prospect of an additional cut in official contract oil prices. Coal prices are likely to stabilize around current levels as producers show greater interest in maintaining output than pressing for higher prices.
- **Steel-related items:** Manganese prices have already come off the bottom and indications are that iron producers will be able to squeeze a price rise out of current negotiations after the sharp fall of previous years. Buoyancy in stainless steel should help nickel prices: A price increase of 15% is likely this year.
- **Other base metals:** Zinc, copper, and aluminum all appear likely to show substantial price increases, ranging from 10% in copper, 15% in zinc, to 19% in aluminum prices. In all cases, limited demand increase will be more than compensated by production and a somewhat weaker dollar.
- **Precious metals:** Projections of modest price advances are predicated on a combination of declining dollar strength, continuing industrial demand, and some recovery in investment interest. But only palldium will retain the highs reached a few years ago.
- **Agriculture and fertilizers:** Relatively small demand increases in rubber will hold prices near current levels. Aggressive marketing by offshore producers should prevent upward price movement in phosphate rock. And potash is expected to rise only in line with inflation (about 5.5%).

Global material price changes
(Percent, 4Q '85 vs 4Q 84)



Source: Chemical Bank

much), the basic supply-demand fundamentals do seem to dictate more increases over the longer pull. One source puts last year's global shortfall in production-consumption at over four million metric tons—with the gaps filled by big inventory drawdowns. And an even bigger shortfall is seen for 1985. Don't be surprised if the FOB Tampa price rises to $157/long ton by early next year—$10 above current lists.

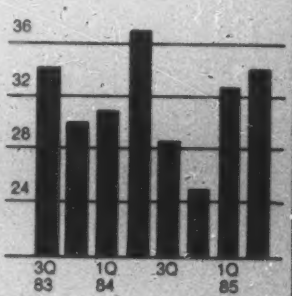
Lead

The heavy metal could begin to move higher by mid or late summer—when the new battery buying season gets underway. But any chance of a major rally (into the 25-30¢/lb range) seems remote—given (1) current high inventories, (2) the continuing phaseout of leaded gasoline, and (3) a worldwide capacity glut, with plenty of supplies available from both domestic and offshore operations. The long-term prognosis isn't all that bullish either. Overall consumption gains in the next few years are put at only 1% annually. Even that could be overly optimistic.

Polyvinyl chloride

Three consecutive 2¢/lb price increases have pushed the asking price for pipe grade PVC up into the 34¢/lb range. But it may take another month or so for this hit to take hold. Another sign of price caution: One big producer has announced it will hold the line on the 34¢/lb quote for the rest of the second quarter. Also likely to limit PVC price hikes over the long term are (1) low operating rates (estimated to average out at only 74% this year) and (2) lackluster demand—with shipments not expected to top last year's 6.8 billion pound level.

PVC price (pipe grade)
(Mkt. price ¢/lb.)



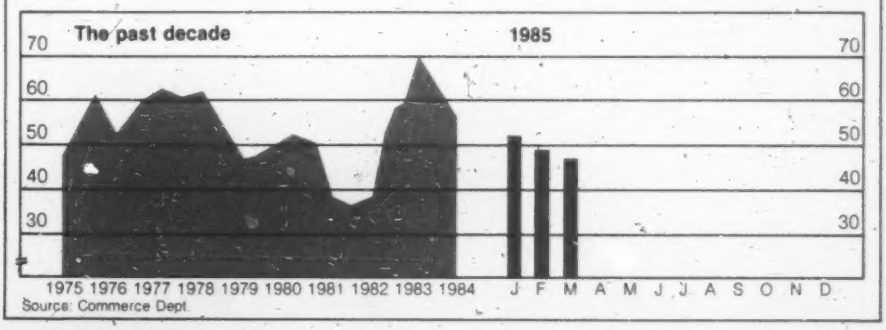
Styrene

The second 2¢/lb increase this year has brought quotes up into the 28¢/lb range. Blame much of the advance on rising benzene feedstock costs which have zoomed up more than 20¢/gallon so far this year (into the $1.40/gallon range). Another plus has been steady demand for downstream polystyrene which is expected to rise another 2% this year—on top of last year's 6%-plus advance. But some leveling off in styrene tags is anticipated after mid-year—as the 1.2 billion pounds of additional global capacity, put on stream over the past year, gradually spills over into world markets.

BUSINESS DATATRAK

NAPM business barometer

Based on five indicators (employment, inventories, new orders, production, vendor performance)



Source: Commerce Dept

KEY ECONOMIC TRENDS

Business still on the upswing

Discount talk of a shaky economy. Quite the contrary, all signs point to continuing gains. They are likely, though, to be spotty and generally a lot smaller than those recorded in the recent past.

One of the big problems, of course, is imports. They continue to come in at record levels, taking business away from many domestic companies. This trend is most apparent in the manufacturing sector where output has been virtually unchanged since late last fall.

On the other hand, there are still enough other positive indicators around to suggest a continuing business uptrend. These include:

- Still low inventory levels—the bellwether durable goods stock/sales ratio, a key indicator of PMs' days supply, remains in the 54-55 range, below levels prevailing as recently as October (see chart). Other things being equal, this suggests that any new gains in final consumption will be quickly translated into new orders.
- Relatively buoyant capital goods markets, sparked by gains in defense, plant and equipment orders, are now on a high plateau (see chart). Actual outlays could well rack up further gains. The latest plant and equipment spending survey indicates that 1985 dollar outlays could top last year by as much as 7%.

While this isn't quite as robust as last year's big 14.9% advance, it is still enough—even after allowing a few percentage points for inflation—to achieve some real gain.

- Consumer spending totals seem to be holding up quite well. During the first quarter, domestic automobile sales hit an 8.5 million annual rate.

And while this pace isn't likely to continue indefinitely—the outlook remains surprisingly bullish. Plans to buy a new car, as monitored by the Conference Board, actually moved higher in March (the latest available month). Specifically, 10% of the family units queried say they now plan to buy a new or used car.

Plans to buy new homes are also up. And the rest of the construction market is looking good. Construction awards this year are expected to advance about 5% this year—with housing awards up by an even larger 8%.

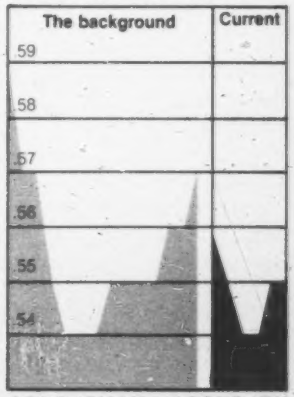
One reason for all the consumer confidence could be the current healthy employment picture. Help wanted figures, for example, are still very high (see chart). Ditto, factory hours and hourly earnings, with the latter up 3.3% over the last 12 months.

Another reassuring sign—at least as far as the overall economy is concerned—is the attitude of the nation's money managers. The Fed is now making it clear that it will keep credit flowing.

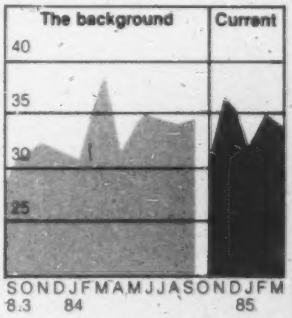
If nothing else, this sug-

Leading indicators

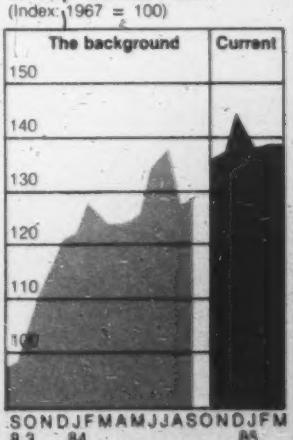
1. Inventory/Sales Ratio
(Durable Purchased Materials)



2. Capital Goods Orders
(Billion of dollars)



3. Help Wanted Index
(Index: 1967 = 100)



gests that interest rates will hold close to current levels—low enough to assure continued gains in areas as construction and big ticket consumer durables.

Given all of the above, it's easy to see why business executives remain optimistic. Lest there be any doubt, take a look at Dun & Bradstreet's new poll of top manufacturing executives which shows that some 76% expect second quarter sales to top year-earlier levels—far surpassing the 19% who see no change and 5% who are projecting declines.

In short, there still seems enough momentum to keep the economy in the plus column for at least another one or two quarters. On the other hand, it must be recognized that GNP gains are likely to be quite small—probably on the order of 2-3% at annual rate.

PM pay hasn't been faring all that well

Purchasing executives are in danger of falling behind in the salary sweepstakes, according to the Administrative Management Society (AMS).

A new AMS survey shows that average annual pay has increased only 3.4% over the 12-month period ending last fall. That's only about half the 7.7% increase noted for the combination of 20 U.S. middle-management positions.

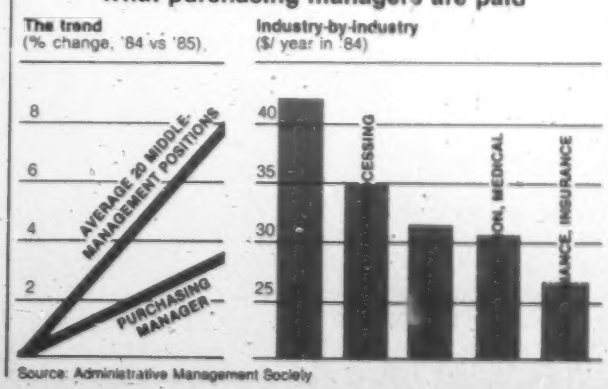
The overall dollar figure for the average PM ($33,000) isn't very impressive, either, especially when compared to the annual earnings of such other professionals as plant managers ($42,100), sales managers ($40,000), personnel directors ($38,400), and auditing managers ($37,400). On the other hand, it's well above warehouse managers who are currently getting only $27,600 per year.

A significant amount of variation is also noted within the purchasing profession. Those working for utilities tend to fare best—earning about $42,200 at last report. Manufacturing/processing PMs are somewhere in the middle (earning $35,000) while banking and financial types are at the bottom of the ladder, pulling down only about $27,000 per year on average.

On the other hand, there was not too much variation regionally, though buyers in the East and East Central states tended to fare slightly better than their counterparts in other areas of the country.

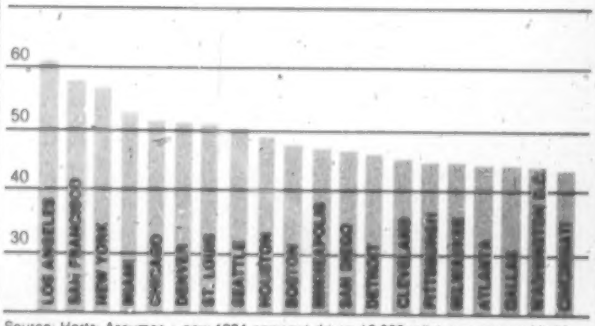
Another finding, pertaining to all 20 middle management positions: over half of the surveyed companies continue to pay the full costs of such insurance benefits as group life, hospital, surgical, major medical, accidental death, dismemberment, and long-term disability. Also 63% of the firms pay the full cost of their exempt employees pension plans.

What purchasing managers are paid



Source: Administrative Management Society

Car driving costs
(¢/mile, a city-by-city breakdown)



Source: Hertz. Assumes a new 1984 compact driven 10,000 miles per year and held for five years.

Skip averages when budgeting for your fleet

Don't rely on national averages when budgeting for fleet car driving costs.

Los Angeles locations, for example, will probably have to shell out 36% more than locations, say in Cincinnati.

The exact driving and maintenance costs—based on a new Hertz survey for new compacts driven 10,000 miles per year and held for five years—are detailed in the chart. They suggest that the five costliest cities in terms of cents per mile are Los Angeles (60.7), San Francisco (58.2), New York (57.3), Miami (53.5), and Chicago (52.7).

The actual figures may be even larger because the numbers exclude parking and tolls—items which can add anywhere from 5-30¢/mile to the overall bill.

Outlays last year increased an average of 6.6% for the 20 cities surveyed. City-by-city increases also showed wide variation in this 6.6% average. In Houston, for example, costs rose 11.8%, in sharp contrast to Milwaukee where only a 2.7% advance was noted.

The survey also found that depreciation accounts for some 29% of the average annual cost of the typical fleet car, followed by insurance, leasing, and fees (28%). Gasoline and other service station charges account for about 15% of total outlays.

CURRENT PRICES

Key inflation yardstick marks time

Industrial prices are following the same pattern since early last year. The overall gain in this bellwether inflation yardstick is only 0.2% over the last 12 months.

Even this is somewhat of a distortion since roughly half of the product lines regularly monitored by *PW* are currently under last year's levels (see table for details).

Current prices vs. month-ago figures indicate this trend is continuing. New easiness, for example, is noted in textiles (both synthetic fibers and grey fabrics), in plastics (off 0.4% for the month), and in selected energy areas (namely crude oil, coke, coal, diesel fuel, and

This month's breakdown

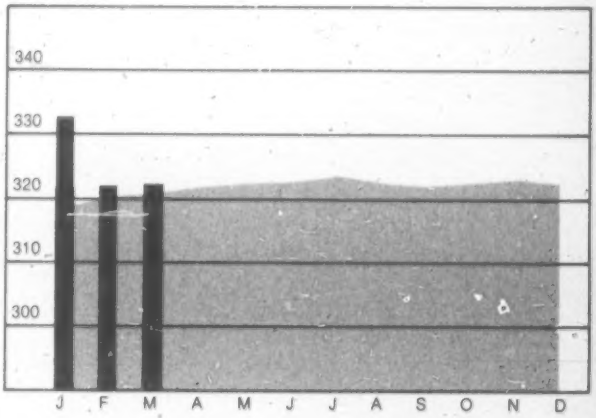
	Latest level (Mar.)	% change from: Month ago	Year ago
Bearings	347.3	0.4	3.0
Bolts, nuts, etc	277.3	−0.6	1.8
Chemicals, inorganic	301.6	0.2	4.0
Chemicals, organic	351.7	0.0	−5.2
Concrete products	315.0	0.2	2.8
Corrugated cartons	284.2	−0.1	9.3
Cutting tools, small	285.7	0.0	2.1
Electric lamps (bulbs)	340.6	−0.6	−0.3
Electronic components	198.6	0.0	4.4
Fans and blowers	357.3	0.0	4.5
Foundry and forge products	364.1	0.2	1.5
Fuel oil (residual)	1112.6	0.5	−0.1
Furniture, commercial	303.5	0.4	3.0
Gasoline	516.6	1.7	−9.0
Glass, flat	221.2	0.1	−3.4
Glass containers	370.7	1.8	5.4
Gypsum products	320.9	−2.8	−5.5
Hand tools	371.5	−0.1	4.4
Hand tools, power driven	232.9	0.0	4.6
Industrial furnaces	383.6	0.3	3.5
Integrating and measuring instruments	230.4	−0.4	1.5
Internal combustion engines	346.6	0.0	2.9
Lubricating oil	769.6	−9.4	−3.5
Lumber millwork	309.5	−0.5	0.0
Material handling equipment	294.0	0.4	2.3
Metal containers	357.5	−0.2	3.5
Metal mill shapes (nonferrous)	311.9	−1.0	−4.2
Metal tanks	305.7	0.0	0.1
Motors and generators	350.1	0.5	3.6
Motor trucks	296.2	0.0	5.3
Office and store equipment	153.8	0.1	−0.3
Paperboard	285.7	−0.7	3.7
Paper boxes and shipping containers	276.7	0.0	7.0
Paper office supplies	240.0	−1.4	2.7
Paint	279.7	0.3	4.6
Plastic resins	305.5	−0.4	−0.2
Precision measuring tools	261.6	2.2	3.3
Pumps and compressors	355.8	0.8	2.3
Refractories	368.0	0.3	1.9
Rubber belts and belting	354.5	−0.5	2.7
Scales and balances	229.7	−0.2	−0.4
Steel products	364.3	0.0	1.1
Switchgear	277.5	0.5	0.8
Textiles, synthetic fibers	156.6	−0.7	−2.6
Textiles, gray fabrics	152.5	−0.4	−0.5
Tires and tubes	241.2	0.2	−0.2
Transformers and power regulators	234.4	0.6	3.8
Welding equipment	286.3	−0.1	1.2
Wire and cable	203.2	−0.5	0.0

Industrial prices

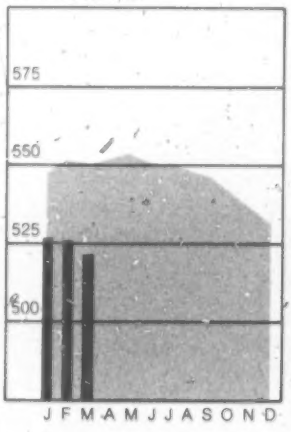
(Index: 1967 = 100)

1984 ▒ 1985 ■

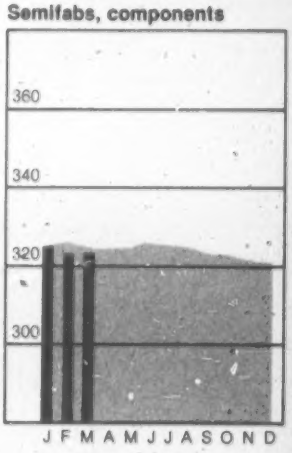
All items



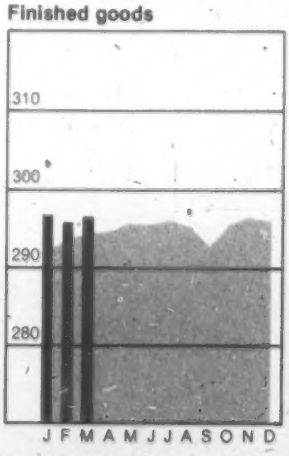
Raw materials



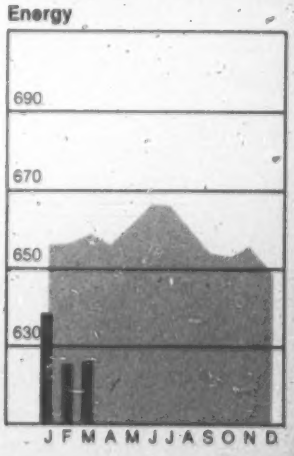
Semifabs, components



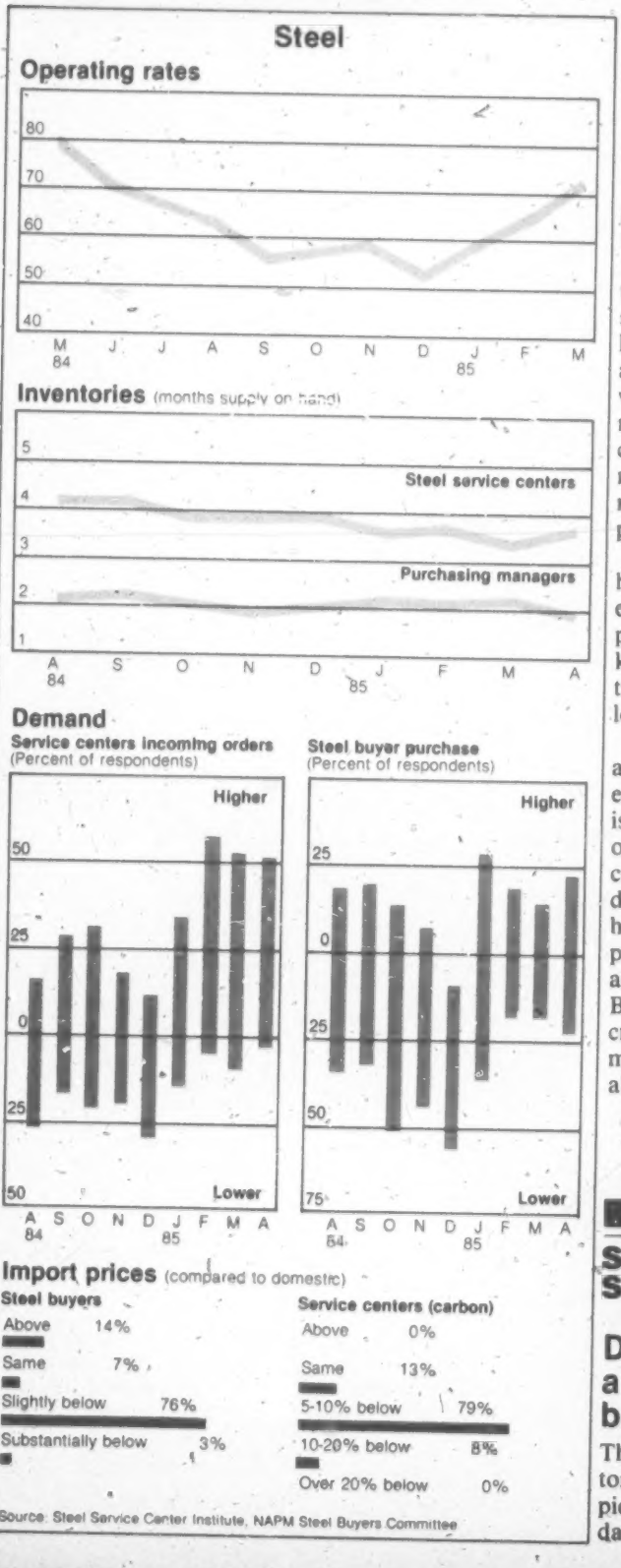
Finished goods



Energy



Source: Bureau of Labor Statistics



natural gas).

Construction materials also fell for the second month in a row—sparked by softness in plastic construction products, nonferrous wire and cable, gypsum, plywood, and millwork.

Even previously uptrending product lines seem to be taking their lumps. Paper products, after some strong advances in 1984 are beginning to weaken, with declines over the last 30 days noted in paperboard, corrugated cartons, and paper office supplies.

Organic chemicals haven't been buoyant either, with little change in prices over the last month keeping averages more than 5% under year-ago levels.

Some areas, however, are not that soft. Capital equipment, for example, is a little firmer as a result of recent boosts in metal-cutting machine tools, industrial ovens, material handling equipment, pumps and compressors, and electrical equipment. But even with these increases, the overall equipment average is up only about 1% so far this year.

STEEL SCENE

Demand looking a bit more bullish

The nation's steel distributors see the steel demand picture brightening these days.

The latest Steel Service Center Institute's (SSCI) survey showed more than 50% of respondents looking for an increase in incoming orders over the next three months in contrast to only 3% looking for declines.

This is the fourth straight month that centers expecting increases outnumbered those expecting declines. Moreover, shipping totals seem to be confirming this brighter outlook with year-to-date tonnage running a substantial 4% above comparable 1984 levels.

Some of the gain can probably be traced to the increasing share of overall steel business being captured by distributors as buyers emphasize just-in-time deliveries. This trend is especially evident in plate where service centers now have nearly 30% of the market vs. only 20% a few years ago.

Steel buyers (purchasing from both service centers and the mills), though, are still playing their steel cards close to the vest. For the third straight month, for example, results of an NAPM survey suggest that the number expecting to increase their receipts of steel are pretty much balanced out by an equal number who anticipate retrenchment.

This more cautious attitude could, in part, be due to the import competition faced by the PMs' own firms. And in a sense this conservative view is also being voiced by mills. The fair-sized shipment increases they see ahead won't be because of increased consumption but

rather because domestic material will be replacing imported steel.

Not too much change is seen in overall steel inventories either. This is certainly true in the service center sector where stocks, after falling last year, have held at just under six million tons for four consecutive months.

That's the equivalent of only a 3.6 month supply, down substantially from the four-month reading of early last fall.

While no major changes in inventories are seen, there could be some dramatic shifts in sourcing. A growing number of respondents now say they expect to be less dependent on overseas metal by late 1985. Quotas are expected to drop import share of market from 27% captured last year to only 23% this year.

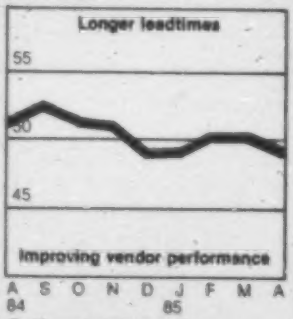
Equally significant, both buyers and service centers say foreign mills are becoming less active in seeking new U.S. business.

So far, however, these same respondents have not noted any big change in the domestic import price gap. The latest SSCI survey, for example, finds 87% of the respondents buying foreign carbon steel under U.S. levels—with 8% putting the advantage in the 11-20% range. Zero in on stainless and everybody seems to be experiencing a price advantage, with a hefty 40% putting the gap in the 11-20% range.

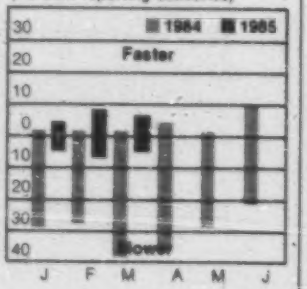
Buyers tell much the same story—with 79% getting price breaks. Though now only 3% dub the advantage as "substantial."

Monthly procurement status report

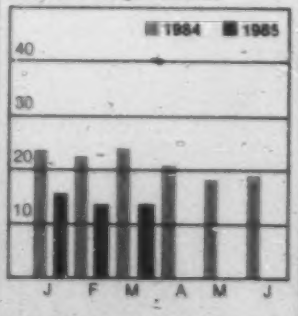
Leadtime index
A "diffusion" index based on 158 key commodities. Avove "50" indicates a tendency for leadtimes to stretch out. Below "50" suggests improving vendor performance.



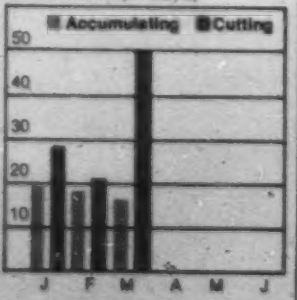
Delivery performance
(Percent reporting deliveries)



Forward commitments



Inventory strategy
(Percent of respondents)



Source: NAPM

PROCUREMENT STATUS

Chalk up another problem-free month

Purchasing managers responding to *PW*'s latest monthly procurement survey suggest that imports might be playing a major role in keeping things in balance.

For one thing, imports add to the overall supply base while at the same time keeping domestic operating rates well under critical levels. Another factor could be pressure from PMs themselves. With just-in-time inventory strategies limiting the margin of error, buyers just can't afford to tolerate delivery slippages.

Also, average leads seem to be falling again after a brief leveling off during early 1985. *PW*'s exclusive leadtime index dropped to 49 at latest report—indicating that more delivery times fell than rose over the latest 30-day period.

Not all leads can continue to be cut simply because many are as low as they can go. Buyers, though, seem determined to find new areas for improvement.

Capital equipment is a case in point. A new study by Townsend-Greenspan, for example, finds that the typical equipment wait is now down to 150 days, off some 6% from last fall's levels.

There is also plenty of evidence that things are pretty easy these days. Only 5% of NAPM Business Survey members now report slower deliveries—matching the performance of late 1984 when the economy was taking a temporary breather.

Further confirming the "problem-free" purchasing environment is the fact that only 14% of queried buyers are now committing 90 days or more in advance for production materials. That's in sharp contrast to just a year ago when the figure was up in the 20%-plus range.

Perhaps the most reassuring sign of all is that for two consecutive months now, not one item has appeared on the NAPM short-supply list.

Leadtimes and availability

Chicago: Steel coils have come in a bit to 4-10 weeks. Ditto softwood framing (to 1-2), bichromate sodium (to 3-5), and special brass tube (to 4-5). Edging out are brass and copper sheet and coil from stock (1-2), stock brass and copper (1-2), and special brass and copper rod (4-5).

Cleveland: Slightly reduced 3-4 week waits are noted for polyethylene and PVC resins. Coil coating paint is out (to 5). Other leadtimes in weeks: corrugated containers (3), folding boxes (4), cold finished aluminum (10-12), steel reconditioned drums (1-2), and most alloying materials (on demand).

Los Angeles: On the upside (in weeks): grey iron castings (6-7), brass castings (6-8), linear ICs (30), and standard valves (10-12). Coming in are carbon steel bar and coil (2), standard bearings (18-22), aluminum products (2), and metal film resistors (8-12).

BUSINESS DATATRAK

Houston: No big changes here. Softer prices suggest somewhat reduced leads ahead. Typical leadtimes: High density polyethylene (2-3), polypropylene (2-3), corrugated boxes (2), galvanized steel coils (10), stainless steel fasteners (8-10), plastic bottles (4) and large pumps (21-39).

Philadelphia: Specialty fasteners, now at 5-8 weeks, are expected to come in. Special bearings have already narrowed (to 12-14), as have round stainless bars from the mill (8-10). Unchanged are standard valves (5-8), electric motors (14-16), and specialty 5-10 hp motors (12).

Pittsburg: basically a quiet month—with these typical weekly leads prevailing: Multiwall bags (6), plastic bags (3-4), corrugated and folding boxes (3-4), wirebound boxes (4-5), fiber and steel drums (1), lumber (3-4), waterproof paper (8), steel strapping (2-3), painted seals (6-8), polyethylene (6), and PVC (6).

Leadtimes (in weeks)

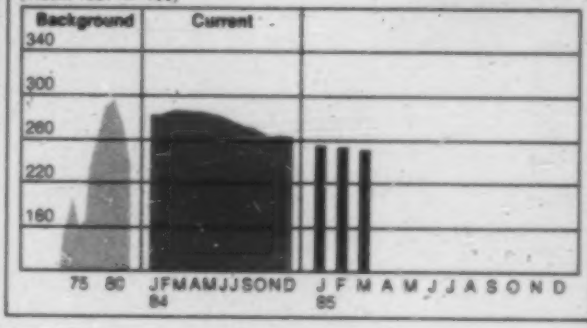
	Now	Month ago	Six months ago
STEEL			
Sheet (Phil)	4½	4½	9
C-R Sheet (Chgo)	7	7	5
Plate (Phil)	3½	3½	10
Plate (Chgo)	2½	2½	2½
Reinforced (Hous)	6	6	6
H-R Bars (Phil)	7	7	7
H-R Bars (Chgo)	3	3	3
Cold-Drawn Bars (Phil)	7	7	7
Galvanized (LA)	13	13	14
Galvanized (Chgo)	7	7	11
Structurals (Chgo)	4½	4½	4½
Structurals (Hous)	17	17	17
Tubing (Phil)	7	7	7
Grey Iron Castings (LA)	6½	5	5
Steel Castings (Hous)	11½	11½	11½
Forgings (Hous)	6	6	6
Pipe, Carbon (Hous)	13	13	13
ELECTRIC & ELECTRONIC			
Cables (Chgo)	8½	8½	8½
Capacitors (Chgo)	13	13	17
Circuit Breakers (Chgo)	6	6	6
Electromech. Devices (LA)	7	7	7
ICs (Linear) (Phil)	15	15	20
Motors (Phil)	13	12	15
Motors, 1000 hp & Up (Hous)	39	39	39
Printed Circuit Boards (Chgo)	10	10	20
Relays (Chgo)	15	15	15
Resistors (Chgo)	10	10	14
Resistors, Wirebound (Phil)	8	8	10
Transformers (Chgo)	10	10	10
LUMBER			
Hardwood (Pgh)	3	3	3
Hardwood (Clev)	3½	3½	3½
Plywood (Chgo)	2	2	2
Plywood (Phil)	1½	1½	1½
Softwood (Clev)	3	3	3
Softwood (Phil)	¼	¼	¼
Softwood (Pgh)	3	3	3
Particleboard (Phil)	2½	2½	2½
CHEMICALS-PLASTICS			
Adhesives (LA)	½	½	½
Napthalene (Chgo)	2	2	2
Paint (LA)	4	4	5
Paint, Coil Coating (Pgh)	4	4	4
Paint, Maint. (Cleve)	3	3	4
Polyester Resin (LA)	2	2	2
Polyethylene Resin (Cleve)	3	3½	3
Polyethylene Resin (Pgh)	4	4	4
PVC Resin (Chgo)	6	6	1
PVC Resin (Pgh)	6	6	6
Titanium Dioxide (LA)	1	1	1
PACKAGING			
Bags, Kraft (Pgh)	5	5	5
Bags, Multiwall (Clev)	9	9	9
Bags, Multiwall (Pgh)	6	6	6
Cartons, Corrugated (Cleve)	3	3	2½
Cartons, Corrugated (Hous)	3	3	3
Cartons, Folding (Phil)	6½	6½	6½
Cartons, Folding (Pgh)	3½	3½	3½
Cellophane Wrap (Phil)	5	5	5
Plastic Bags (Pgh)	3½	3½	3½
Plastic Pkg. (Pgh)	3	3	3
Shrink Film (Chgo)	6	6	4
Shrink Film (Clev)	3	3	3
Drums, Fiber (Pgh)	1	1	1
Drums, Steel, Std. (Pgh)	1	1	1
Wood Pallets (Chgo)	2½	2½	2½
Wirebound Boxes (Pgh)	4½	4½	4½
Strapping (Clev)	2½	2½	2½
Strapping (Pgh)	3	3	3
PAPER			
Fiberboard (Clev)	3½	3½	3½
Glassine (Clev)	4½	4½	4½
Glassine (Pgh)	5½	5½	5½
Groundwood (Clev)	4½	4½	4½
Groundwood (Pgh)	7	7	7
Kraft (Clev)	1	1	1
Kraft, Bleached (Clev)	1	1	1
Kraft, Bleached (Pgh)	5	5	5
Kraft, Natural MFNS (Clev)	1	1	1
Laminated (Clev)	8	8	8
Tissue (Pgh)	5½	5½	5½
NON-FERROUS			
Aluminum Coil (Chgo)	11	11	11
Aluminum Plate (Chgo)	12	12	14
Aluminum Sheet (LA)	4½	4½	4½
Aluminum Sheet (Chgo)	11	11	11
Brass Castings (LA)	7	6	7
Brass Rods (Chgo)	4½	4	6
Brass Sheet (Chgo)	4½	4½	9
Brass Tube (Chgo)	4½	6½	5
Copper Fittings (LA)	3½	3½	3½
Copper Mill Prod. (Pgh)	6	6	6
Copper Tube (LA)	7	7	5½
Copper Tube (Phil)	6	6	6
Lead (Pgh)	2	2	2
Magnesium (Pgh)	2	2	4
Manganese (Clev)	1	1	1
Nickel (Clev)	1	1	1
Nickel (Pgh)	2	2	2
Silicon (Clev)	1	1	1
Tin (Pgh)	3	3	3
Wire, Specialty (LA)	5	5	5
Zinc (Pgh)	2	2	2
MISCELLANEOUS			
Bearings, Domestic (Phil)	22	22	22
Bearings, Foreign (Phil)	26	26	26
Boilers & Furnaces (Hous)	35	35	35
Compressors, Centrifugal (Hous)	50	50	50
Compressors, Reciproc. (Hous)	39	39	39
Fasteners (Chgo)	1½	1½	1½
Fasteners (LA)	5	5	7
Fasteners, Std. (Phil)	2	4	4
Heat Exchangers, Carbon-alloy Steel (Hous)	21	21	20
Heat Exchangers, Hi-pressure (Hous)	31	31	35
Insulation Mat'l. (LA)	7	7	7
Machined Parts (Hous)	9	9	9
Pipes & Valves (Chgo)	2½	2½	2½
Pumps (Hous)	30	30	35
Pumps (LA)	9	9	9
Rubber, Synthetic (LA)	2	2	2
Rubber Hose (LA)	4	4	4
Tungsten Carbide Parts (Hous)	15	15	15
Valves, Cast Steel (Hous)	17	17	17
Welding Supplies (Hous)	5	5	5

BUSINESS DATATRAK

Raw material price barometer

(Index: 1967 = 100)

Latest month	251.4
Month before	253.1
Year ago	289.2



Latest spot market prices

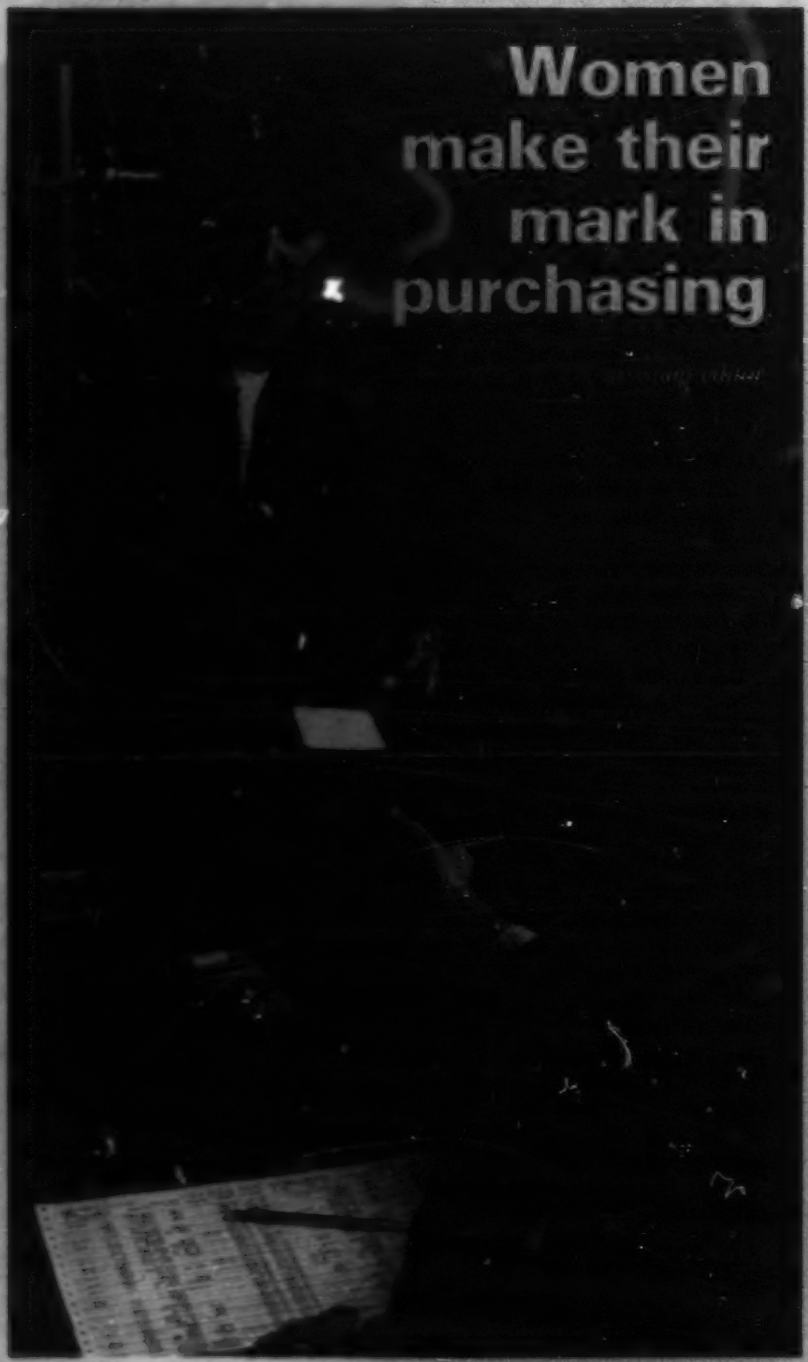
	Latest price	Previous month	Year ago
FERROUS METALS			
Pig iron, basic, valley, gross ton	213.00	213.00	213.00
Pig iron, Bessemer, Pitts., gross ton	213.00	213.00	213.00
Steel, billets, Pitts., net ton	367.00	367.00	347.00
Steel, structural shapes, Pitts., cwt.	23.90	23.90	23.90
Steel, structural shapes, Chi., cwt.	23.90	23.90	23.90
Steel, structural shapes, Los Angeles, cwt.	25.10	25.10	24.40
Steel, bars, dlvd. Phila., cwt., merchant quality	23.95	23.95	17.50
Steel, bars, Pitts., cwt.	28.25	23.95	17.50
Steel, bars, C.R., Pitts., cwt.	29.25	29.25	26.00
Steel, plates, Pitts., cwt.	23.95	23.25	23.25
Steel, plates, H.R., Pitts., cwt.	23.25	23.25	23.25
Steel, sheets, C.R., Detroit, cwt.	27.10	27.10	27.10
Steel, strip, C.R., Chi., cwt.	35.30	35.30	35.30
Steel, basic wire, Pitts., cwt.	23.65	23.65	23.65
NONFERROUS METALS			
Aluminum, ingot, lb. (market place)	0.518	0.513	0.698
Antimony, in alloy, lb.	2.00	2.00	2.00
Beryllium-copper, cast ingot, lb.	5.35	5.35	5.20
Brass, red, 85%, [sheet], lb.	1.32	1.27	1.30
Brass, yellow, [sheet], lb.	1.27	1.22	1.25
Cadmium, ton lots, lb.	1.25	1.25	1.50
Copper, electrolytic, wire bars, refd., lb.	0.69	0.64	0.75
Copper sheet, over 24 in., lb.	1.41	1.36	1.39
Lead, common, N.Y., lb.	0.20	0.17	0.26
Magnesium, pig ingot, [99.8%], lb.	1.48	1.48	1.43
Mercury, 20 lb. lots, N.Y., lb.	300.00	304.00	322.00
Molybdenum Climax Oxide/bags, lb.	4.65	4.65	4.65
Nickel, electrolytic, producer, lb.	3.20	3.20	3.20
Platinum, producer, oz.	475.00	475.00	475.00
Silver, N.Y., oz.	6.74	5.75	9.23
Tin, Straights, N.Y., lb.	6.03	5.60	6.36
Zinc, Prime West, East St. Louis, lb.	0.47	0.47	0.53
Zinc, die casting alloy, No. 3, lb.	0.535	0.515	0.595
PAPER			
Uncoated book #3 offset, ton	850.00	850.00	810.00
Watermarked bond, ton	985.00	985.00	985.00
Gummed sealing tape, carton	16.25	16.25	15.45
Boxboard, mach. clay ctd. recycled sheets 80 bright, .016, ton	495.00	495.00	475.00
Wrapping paper, std. distributor cost, kraft, basis wt. 50 lb., roll	28.00	28.00	28.00
Kraft linerboard, 42 lb., unbleached, ton	320.00	320.00	320.00
TEXTILES			
Burlap, 10 oz., 40", N.Y., yd.	0.361	0.361	0.306
Cotton drill, 1.85, 59", 68x49, N.Y., yd.	0.85	1.03	1.04
Cotton middling, 1", N.Y., lb.	0.636	0.620	0.783
Printcloth, 48", 80x80, N.Y., spot, yd.	0.65	0.58	0.82
Army duck, 37", 13 oz., yd.	1.70	1.96	1.79
Blended printcloth, 64", 78x54, yd.	0.730	0.740	0.760
20s combed yarns	1.95	1.95	2.18
Wool tops, N.Y., lb.	3.60	3.60	3.60

	Latest price	Previous month	Year ago
CHEMICALS			
Acrylonitrile, tanks, lb.	0.455	0.455	0.455
Ammonia, anhydrous, fertilizer, wholesale, tanks, ton	210.00	210.00	210.00
Benzene, petroleum, tanks, Houston, gal.	1.45	1.23	1.48
Caustic soda, 76% solid, drums, carlots, cwt.	26.00	26.00	26.00
Cresylic acid [over 25%], tanks, lb.	0.58	0.58	0.58
Formaldehyde, USP, 37% [12% to 15% meth.], tanks, lb.	0.106	0.106	0.106
Glycerine, synthetic, tanks, lb.	0.88	0.88	0.91
Methanol, syn., tanks, 4,000 gals., f.o.b. Gulf Coast plants	0.54	0.54	0.45
Naphthalene, crude, tanks, lb.	0.22	0.22	0.22
Phthalic anhydride, tanks, lb.	0.305	0.305	0.305
Polyethylene resin, low density liner film grade (market price), lb.	0.280	0.280	0.415
Polypropylene, homopolymer grade (market price), lb.	0.330	0.330	0.415
Polystyrene, general purpose grade (market price) lb.	0.34	0.34	0.42
Shellac, bone dry, N.Y., lb.	1.65	1.65	1.65
Soda ash, 58%, light carlots, cwt.	6.15	6.15	6.15
Styrene monomer, 99.6%, tanks, lb.	0.26	0.26	0.35
Sulphur, crude, ex-terminal, Tampa, Fla., lt.	157.50	157.50	140.00
Sulphuric acid, 66%, commercial, tanks, ton	56.65	56.65	56.35
Titanium dioxide, anatase, reg., carlots lb.	0.69	0.69	0.69
Xylene tanks, gal.	1.38	1.28	1.35
BUILDING MATERIALS			
Lumber, 2x4 #r, mbf, cl	302.00	303.15	324.15
Lumber, 2x2, pine, mbf, cl	300.35	301.70	324.45
Plywood, plyform, ¾", msf, cl	570.20	569.65	570.30
Plywood, ⅜", msf, cl	372.10	375.35	371.40
Cement, bulk, ton, tl	64.76	64.46	62.44
Sand, ton, cl	6.21	6.20	6.19
Ready-mix concrete, 3,000 psi/cu.yd., 15 cu. yd.	47.39	47.56	45.67
Crushed stone, 1½", ton, cl	7.57	7.52	7.87
Concrete blocks, sand/gravel, 8"x8"x16", ea., tl	0.79	0.79	0.76
Gypsum sheathing, ½"x1"x8", msf, tl	206.44	206.69	196.97
Brick, common, per thousand, tl	179.89	179.89	173.88
Asphalt paving, AC-20	175.08	174.64	163.82
Concrete sewer pipe, 12", prem. joint, per foot, cl	7.22	7.19	6.87
FUELS			
Fuel oil, No. 6 or Bunker C, Gulf., bbl.	23.85	25.20	27.50
Fuel oil, No. 6 or Bunker C, N.Y., barge, bbl., reseller	29.75	31.25	31.40
Gasoline, 91 oct., reg., Los Angeles, rack, gal.	0.855	0.785	0.860
Gasoline, 94 oct., reg., Chi., tank car, gal.	0.810	0.740	0.830
Heating oil, No. 2, Chi., bulk, gal.	0.765	0.730	0.800
Heating oil, No. 2, N.Y., bulk, gal.	0.818	0.808	0.873
Heavy fuel, PS 400, Los Angeles, rack, bbl.	26.50	26.50	26.25
Jet kerosene, gal.	0.743	0.748	0.800
LP-Gas, propane, Okla., tank cars, gal. [incl. discount]	0.365	0.365	0.425
SCRAP MATERIALS			
Steel, No. 1, hvy., dlvd., Pitts., ton	85.00	92.00	102.00
Steel, No. 1, hvy., dlvd., Chi., ton	79.00	84.00	84.00
Copper, No. 1, East, wholesale buy, dlvd., lb.	0.575	0.545	0.655
Copper, No. 2, East, wholesale buy,	0.500	0.480	0.580
Brass, red, East, wholesale buy, dlvd., lb.	0.535	0.505	0.615
Brass, yellow, East, wholesale buy, dlvd., lb.	0.350	0.340	0.398
Alum., old sheet/cast, E., wholesale buy, dlvd., lb.	0.325	0.340	0.505
Alum., mixed clip., E., wholesale buy, dlvd., lb.	0.345	0.360	0.515
Zinc, old, East, wholesale buy, dlvd., lb.	0.140	0.140	0.185
Lead, clean solids, East, wholesale buy, dlvd., lb.	0.100	0.090	0.145
Paper, No. 1 mixed, dlr., N.Y., ton	Nom.	Nom.	Nom.
Paper, old corrug. box, dlr., Chi., ton	15.00	20.00	32.00
Paper, old corrug. box, dlr., N.Y., ton	10.00	10.00	29.00
Canabura cuttings, dlr., f.o.b. N.Y., lb.	0.100	0.120	0.135
White wipers, No. 1, dlr. buy, f.o.b. N.Y., lb.	0.28	0.30	0.34

[Sources: Metals Week, Engineering News-Record (Cocily averages), Platt's Oilgram Price Service.]

When several respondents to PurchasingWorld's survey of women in purchasing asked why PW was doing a story on "just women in purchasing in the first place," we weren't all that surprised. Their point: singling women out from their male colleagues does them no favors.

Women make their mark in purchasing



It took six months of hard work for **Ellen Kaplan** *to establish a working purchasing department. As purchasing manager for Software International, a subsidiary of GE Information Services Co. (GEISCO) in Andover, MA, Ms. Kaplan and her staff coordinate the purchase of supplies and services needed to produce software products.*

Their reaction demonstrates just how far women have progressed in the field of purchasing, and, as the survey suggests, they don't want to stop there.

Polaroid Corporation's director of worldwide purchasing, Warren E. Norquist, believes that the purchasing field has opened considerably to women today. "Twenty years ago women weren't a factor in the field because, with few exceptions, they weren't competing in it. Today they are competing and are doing it very successfully."

Polaroid, like many other major U.S. corporations, is doing everything it can to encourage professional growth by all members of its purchasing department. The team spirit and sense of opportunity at Polaroid are clearly exemplified by the fact that during interviews for this article, the women in its purchasing department suggested that no individual be singled out for our cover. It made good sense to us and explains why 11 of the 12 (one woman was unable to make the photo session) are featured.

In sheer numbers women are entering the field at a rate unknown in the past. The number of female members of the National Association of Purchasing Management has grown to 13% (of a total membership of over 28,000) and more than 22% of NAPM officers are women. Moreover, they are aggressively developing their skills through formal education. And you get the feeling when talking to them that those who have been in the field for any length of time would put their experience up against anyone's—male or female.

On the following pages you will read about the results of interviews and of the survey of purchasing women's work experiences, backgrounds, and about how they view their jobs.

There is virtually no product produced or service performed that is not influenced at the purchasing level by women. Survey respondents perform the purchasing function for computer firms, gold mining outfits, electronics and electrical companies, cosmetics manufacturers, insurance companies, printing firms, and food processing plants. Their titles range from vice president of purchasing to junior buyer,

...continued

Purchasing has become a family affair for **Mary P. Bertolo**, a purchasing agent and traffic manager for Champion Spark Plug Co. in Detroit. Ms. Bertolo, 54, has been in purchasing for 16 years and has two daughters who are also involved in the field. She didn't pressure them into purchasing. "They learned about it gradually by observing me in action over the years." Ms. Bertolo followed a fairly common route to purchasing management—she began as a purchasing secretary and worked her way into her present position.

with experience ranging from 6 months to more than 50 years. (See survey results for more specific information.)

Paths to purchasing

Most of the women surveyed who have been working in the field for a number of years happened into their buying careers by being in the right place at the right time. Many of them began their careers as secretaries or clerks in purchasing departments and gradually learned the purchasing function. As their male bosses retired or were promoted, they moved into positions as buyers and expeditors.

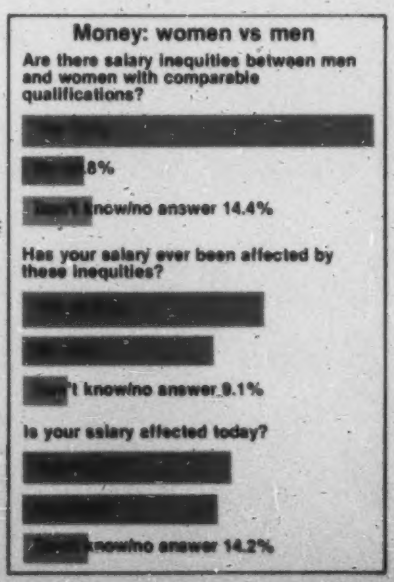
Seven out of ten women in the survey followed this path to purchasing. One of them, a 58 year-old purchasing manager at an aircraft machining company, started out 33 years ago as secretary to the purchasing director. The fact that her boss, in her words, made her "do most of his work along with her own duties" turned out to be a blessing in disguise. When he retired she was right in line for his job because she was the the only one trained to do it.

Another 17.5% said that they had been transferred from other departments into purchasing. In personal interviews, several of them made it very clear that the move represented real opportunity and advancement—not just a move to a dead-end position.

They came from just about every department—from chemistry labs and accounting offices to computer operations and marketing—for some very specific reasons. Several were given the job of establishing separate purchasing departments within their companies and were chosen for promotion because of their organization skills and their ability to work well with people.

Other survey respondents said they were moved to purchasing because they had demonstrated the skills necessary to do a good job in purchasing. "Management said I was aggressive, organized, thorough, and able to handle a million details at once," explained a 30-year old software buyer from California who was transferred to purchasing from the marketing services department of her company.

A small but growing number of young women are *choosing* purchasing as their major in college and are being recruited by companies after graduation. The number of women entering the field directly this way is still small—only 5.8% of our survey group—but this should change as formal degree programs with majors in purchasing, like those at Florida State University and Arizona State University, begin to attract more interest.


Money: women vs men
Are there salary inequities between men and women with comparable qualifications?
8%
know/no answer 14.4%
Has your salary ever been affected by these inequities?
know/no answer 9.1%
Is your salary affected today?
know/no answer 14.2%

Linda Horan has distinguished herself both on the job and through her involvement with the NAPM. Ms. Horan, 37, was recently promoted to materials manager for the Additive Products Division of Kollmorgen Corp., Aquebogue, NY. She also serves as president of the Purchasing Management Association of Long Island.

The push for technical smarts

The importance of higher education is underscored by the number of major companies requiring that their purchasing people have degrees. For example, GE hires only degreed individuals (preferably technical degrees) for its purchasing departments. And GE purchasing personnel without degrees are strongly encouraged to go back to school to get them.

Indeed, 28.2% of the *PW* survey sample have graduated from college or have pursued advanced degrees, and another 36.6% have completed some college work.

One main reason cited for this emphasis on education: the increased need for technical skills (engineering, computer science, statistical planning). It is clearly becoming more important that purchasing people be able to communicate knowledgeably with their technical counterparts.

Progressive firms like GE, IBM, and Polaroid are sponsoring seminars and other continuing education courses for their purchasing people, according to survey respondents. NAPM seminars and those of other professional groups are popular with many companies.

Lynda Horan, materials manager at Kollmorgen Corp., Aquebogue, NY, and President of the NAPM Long Island Chapter says that

...continued

women (and men) would be crazy not to attend the programs offered by professional groups. "A real purchasing pro is hungry for all the information and professional enrichment she can get her hands on." she says.

What programs would women like to see more of? Our survey respondents said they want more of the following (in order of preference): negotiations skills, technical interpretation, assertiveness training, stress management, inventory and materials control, and legal aspects of purchasing. These are valuable topics for men in purchasing too. But some of the seminar topics mentioned by survey respondents wouldn't be—at least 50% said they wanted to take seminars on how to deal effectively with sex-biased male coworkers.

Despite the growing importance of education for purchasing professionals, interviews with more than a few women show that there still is no substitute for experience—especially in purchasing. "It's a craft. It's not a job that can be learned in a classroom. You can't be taught how to strike a deal with a difficult supplier or to find true value in a product," says a materials contract manager for a large steel sheet manufacturing firm.

Donna Ackerman is a good example of a young woman who has entered purchasing by choice. After three years as a purchasing secretary, she received her degree in purchasing and materials management at Florida State University in 1983 and was recruited by IBM Corp. As a procurement assistant for IBM in Poughkeepsie, NY, Ackerman buys plastic parts for large mainframe computers.

Money matters

The most lively responses were to the questions in the *PW* survey dealing with salary issues (see accompanying chart). When asked if they thought that salary inequities existed between men and women with equal qualifications, not surprisingly, 75% said yes.

A lesser number—50.8%—said they had actually experienced wage inequities themselves at some time during their careers. And a somewhat smaller percentage (44.1%) indicated that they were presently being discriminated against—possibly a positive sign that things are getting better.

Most of the women who made comments on this subject asked to remain anonymous. Their responses were candid:

- "For performing the *same* job, a male coworker and I worked with a $15,000 difference in salary."
- "After 5 years on the job I still make less than the man I replaced."
- "The male managers within my company are paid between $10,000 and $25,000 more than I am—with equal years of experience."
- "In my company there are subtly imposed time lags for raises and promotions that don't exist for the men here."

Many of the 25% of respondents who did not believe that salary equity was a problem, work for compa-

Survey Profile : The real woman in purchasing

(1) What is your title?

Buyer	30.8%
Purchasing Manager	18.3%
Purchasing Agent	17.5%
Junior Buyer/Expediter	11.6%
Senior Buyer	9.1%
Vice President/ Director of Purchasing	4.1%
Other (purchasing related)	8.2%

(2) What is your age?

25 or under	4.1%
25 to 34	30%
35 to 49	51.6%
50 to 64	12.5%
65 +	1.6%

(3) What is your highest level of education?

Advanced Degree	3.3%
Attended Graduate School	6.6%
College Graduate	18.3%
Attended College	36.6%
High School Graduate	32.5%
Attended High School	2.4%

(4) If you attended college, what was your major area of study?

Business Administration	61.3%
Liberal Arts	15.9%
Sciences	10.6%
Economics	6.1%
Other	6.1%

(5) How many years have you worked in purchasing?

5 years or less	25.8%
6 to 10 years	38.3%
11 to 15 years	20.8%
16 to 20 years	10.8%
21 to 25 years	1.6%
Over 25 years	2.5%

(6) What is the major product or service produced at your facility?

Food/Consumer Products	22.8%
Machinery/Tools	21.1%
Electronics	15.3%
Computers/Software/Service	9.5%
Government/Defense-Related	9.5%
Chemicals/Pharmaceuticals	7.8%
Utilities/Energy	7%
Primary Metals/Mining	6.6%

(7) What is the approximate number of employees employed by your company?

Less than 100	18.3%
100 to 299	22.5%
300 to 499	14.1%
500 to 999	11.6%
1,000 to 2,499	8.3%
2,500 to 4,999	6.5%
5,000 +	18.4%

* Percentages calculated to nearest 10th.

(8) What is the approximate number of employees at your facility?

Less than 100	27.5%
100 to 299	30.8%
300 to 499	10.8%
500 to 999	15%
1,000 to 2,499	9.1%
2,500 to 4,999	1.6%
5,000 +	4.9%

(9) How many employees are in your purchasing department?

5 or less	58.6%
5 to 10	17.5%
11 to 20	10.8%
21 to 49	4.1%
50 +	10.8%

(10) How many employees do you supervise?

5 or less	73.9%
5 to 10	19.5%
11 to 20	6.2%

(11) What is your average annual salary?

Under $15,000	5%
$15,000 to 24,999	45%
$25,000 to 39,999	43.5%
$40,000 to 59,999	4.9%
60,000 to 74,999	0%
$75,000 and up	1.6%

Through her work in establishing a "Women in Purchasing" committee for the Purchasing Management Association of Chicago, **Eileen Brottman** has seen evidence of positive change for women in the field. She thinks that groups such as this are very helpful to women and she is helping other NAPM chapters establish similar committees. Ms. Brottman, who is purchasing manager for Dawes Laboratories, a manufacturer of animal vitamin premixes, has been in purchasing for over 15 years.

nies that have documented, rigid formulas for compensation, or that have adopted policies for fairness. One buyer at a Texas oil refinery says that her company "has a strict policy for determining salary—based on years of experience, level of responsibility, education, and professional credentials. Rewards for exceptional work come in the form of promotions and cash bonuses."

Many of the survey responses indicated anger about salary issues—this is not unique to the purchasing profession. What is unique is that because so many women began as clerical workers at low starting salaries, it takes them much longer to reach parity. And some may never reach it.

What must women do to remedy the problem? Says one engineering products purchasing manager with 30 years of experience, "You fight back by getting your C.P.M., by getting your college degree, and by doing everything you can to be terrific at your job. Respect breeds responsibility and responsibility brings rewards."

Their career concerns really aren't much different from those of men in purchasing. Under the larger heading of professional concerns come issues like gaining professional respect from colleagues, overcoming the "old boy" network, and advancing to responsible positions. But it also includes some more sweeping concerns about how the economy will affect job security and how a purchasing professional can positively impact a company's bottom line. When asked—"What is your greatest professional concern today?," they responded:

- "The economy. My company has gone through some very hard times. My concern is that if this does not reverse, my job and a lot of others will be eliminated."—from a buyer for a farm equipment manufacturer.
- "The greatest concern is the lack of understanding by upper management of the real dollar value of purchasing. If it doesn't recognize the value of our function, then it certainly won't recognize MY value."—from a senior buyer at a machine tool plant in Georgia.

Barbara M. Donnelly, C.P.M., a senior purchasing professional for the National Packaging Group of Johnson & Johnson Co., is also a member of the Board of Directors of NAPM. She believes that career advancement will be hindered if women do not receive blunt and accurate feedback of their performance on the job just as men do.

- "I hope that I can keep up with technical advances and can continue to develop tactics and resources for rapid company expansion."—from a buyer for a power machine manufacturer in Texas.

But we also found comments that indicate their uniquely female perspective of business:

- "My concern is that even now, if a question is posed the answer will still be sought from a man"—Nancy Barney, manager of purchasing for Ristance Corp., Bremen, IN.
- "That my accomplishments and chances for promotion will be considered equally with my male coworkers."—from a senior buyer for the Libby Corp.

Most women seem to be confident of their abilities and capable of handling the pressures of their jobs. A major hurdle in gaining professional recognition is a problem of perception of ability, says Rosemary Schoenberger, purchasing manager of VIP Engineered Products Corp. in Illinois, and an active member of the Organization and Planning Committee of the NAPM. "A woman may have a problem in communicating her abilities positively, so others may not know what she is capable of doing," Schoenberger explains. But many women in higher level purchasing management positions think things are getting better.

...continued

About our cover

The eleven women featured on our cover are all salaried purchasing professionals for Polaroid Corporation in Waltham, MA.

Seated (left to right): 1. Pamela Trunos, senior administrator-purchasing; 2. Gretchen Elenor, senior buyer; 3. Claire Pocaro, associate administrator-purchasing; and 4. Colette Anderson, senior buyer.

Standing (left to right): 5. Mary Adair, senior administrator-purchasing; 6. Jane Cameron, purchasing administrator; 7. Rita Shea, buyer; 8. Alyce Sebenian, buyer; 9. Judith Tapia, buyer/planner; 10. Margaret Marsh, buyer; and 11. Katherine Pinto, buyer.

Missing from photo: Marilyn Dillon, buyer/planner.

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On the job

An overwhelming 94% of the women surveyed say they would recommend purchasing as a career to a young woman entering business, and 85.5% say that they are getting personal satisfaction from their work. This is surely a good indication that women feel very good about their profession. The 6% who would not recommend it generally did so because of bad personal experiences in their careers. "Purchasing is a fascinating field. You have the opportunity to be involved in all phases of production and planning on a daily basis. How well you do your job directly affects the bottom line of the company," says Joanne Mayer, a senior buyer for Bendix Corp.

Many of the women we interviewed said that the purchasing field is not attracting the numbers of women that it should because college career advisors know very little about it. One purchasing manager who is very active in alumni activities at her college suggests that women who are in the field get in touch with placement offices at their alma maters and let the counselors know about career opportunities.

Challenge and satisfaction

The collective response of the women answering the *PW* survey is clear—the overwhelming majority are content in their jobs and believe that opportunities will continue to open up for them in this field.

Their comments about their jobs were not just glowing reports of personal fulfillment. Many women took a realistic, honest look at what they do and decided that, on balance, purchasing is a good way to make a living. One woman, a food packaging buyer in her mid thirties, summed it up well. "No job is perfect. In fact I've come home exhausted and frustrated after work many times. But each morning I go back to work ready to face a new challenge. That's true job satisfaction." *PW*

We'd like to hear about your own on-the-job experiences in purchasing as well as your reactions to some of the issues discussed in this article. Please write to us.

It's a one world economy

Imports are higher than ever on the agendas of most purchasing executives these days. Latest figures show that incoming shipments rose a hefty 26% in dollar terms last year. And the figure is probably even higher in volume terms since import tags have actually been lower.

More significantly, another somewhat smaller advance is in the cards for 1985. Much of the upward impetus comes from today's superstrong dollar which makes import bills calibrated in dollars a lot lower than they would be if they were valued in overseas or local currencies.

As of a few weeks ago when the survey was taken, the dollar had appreciated close to 50% relative to levels of mid-1980. That provides a pretty powerful incentive to go the import route. Buyers would seem to agree—more than half the survey respondents called the dollar "significant" in keeping import quotes down.

But the strong dollar isn't the only factor behind the import runup. Lower foreign production costs, excellent foreign quality, and the need for bargaining leverage to keep domestic vendors in line are all helping to keep imports strong.

With these factors in mind, it's easy to see why imports accounted for nearly 24% of the U.S. market for manufactured goods last year—nearly double the 14% reading of 1982.

The new *PW* Survey tells the story best:

Recent import price trends: Nearly three out of every five respondents said that the average tags of incoming goods have dropped over the past year. And, 31% put the decline at 5% or higher.

The import price advantage: It is not surprising that incentives to buy abroad have actually been increasing—especially since the prices of most comparable domestic goods have remained relatively stationary. Some 63% of those queried report widening of the price advantage. Only 7% of survey respondents note some narrowing.

Quantifying the price advantage: These days the average purchasing executive pays about 15% less for imported goods than he does for comparable domestic items. And 23% of those queried say they are getting 20% or bigger price breaks by going the foreign route.

Where the bargains are: Good bargains are now said to be available in product lines ranging all the way from basic raw materials to high-tech, sophisticated manufactured products.

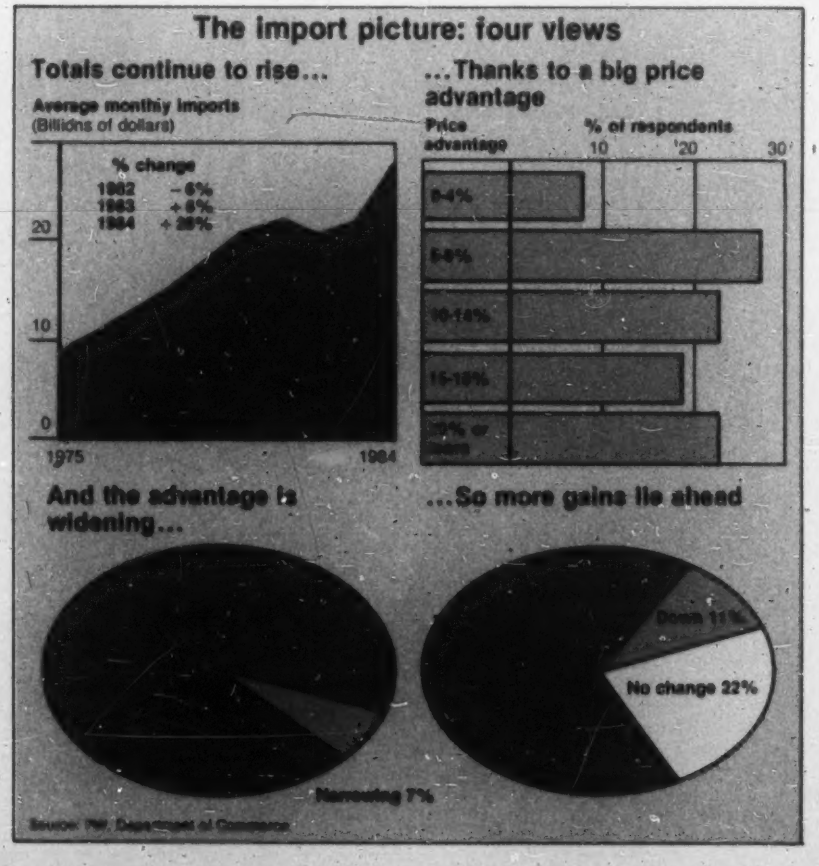
Some of the items noted frequently in the survey include steel, copper, aluminum, castings, bearings, fasteners, organic chemicals, plastic resins, textiles and apparel, tires, machine tools, farm equipment, internal combustion engines, farm equipment, construction machinery, computers, and electronic components.

The 1985 volume outlook: More gains are seen ahead. Two out of every three buyers surveyed are contemplating import increases this year. A smaller 22% see no change and only 11% of respondents felt that their import totals might drop this year.

The attitude is perhaps best summed up by one East Coast purchasing executive who observes, "We have initiated a world-wide sourcing effort—and will consider any foreign product that offers a 20% or higher price break."

While price is the biggest consideration, there are other factors adding to today's import splurge. Many survey respondents cite (1) better quality and service, (2) a need to keep the pressure on domestic suppliers, and (3) countertrade requirements.

And in a few cases, some say they have no alternative: The products they need are just not available on the domestic market. In any case, all agree that imports have become a way of life—and that the one-world economy is here to stay. ***PW***



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